

# THE PRESS-ENTERPRISE

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## Brown's plan to hike taxes will hurt the poor more than the rich

By MICHELLE STEEL

**T**he real issue here is the fact that schoolchildren, the elderly and the poor are going to be crushed if these reckless Republicans don't get their act together and make a reasonable deal for the good of the people," said a spokesman for Gov. Jerry Brown recently.

The "reasonable deal" being opposed by "reckless" Republicans in this case is a \$58 billion tax hike over five years.

Brown wants to reimpose higher rates for sales taxes and the vehicle license fee -- which are set to expire June 30 -- for five years. He also wants to raise the personal income tax for four years, starting in 2012, and cut the child tax credit by more than \$200.

He will tell you that Republicans oppose his plan. But he won't tell you that his plan will hurt California's poor the most.

Sales-tax rates disproportionately affect the poor, because low-income Californians spend more of their income on taxable items than higher-income earners. The lowest 20 percent of income earners in California spend 82.1 percent of their income annually on taxable items, according to the Board of Equalization, while the highest 20 percent of income earners spend only 22.6 percent of their annual income on taxable items.

The vehicle-license fee is just as bad. A study by two UC Berkeley professors found that in 1996 low-income households paid an average of 1.68 percent of their income on the fee, while high-income households paid only 0.025 percent of their income on the fee.

The personal income tax, unlike the vehicle-license fee and the sales tax, is a "progressive" tax, meaning higher income earners pay at the highest rate, and the lowest earners pay nothing at all.

But when Gov. Arnold Schwarzenegger and the Legislature raised the income tax by 0.25 percent and cut the child tax credit from \$309 to \$98 in 2009, they lowered the threshold at which Californians began paying income tax.

Before the tax increase, a married couple with two children didn't pay any income tax if they earned below \$51,335, according to the California Budget Project. After the tax increase, they had to pay income tax at \$36,591.

The truth is, higher taxes disproportionately hurt those with the lowest incomes, yet Gov. Brown is campaigning to raise those taxes again. Republicans don't want that to happen.

Business leaders throughout the nation continue to rank California as the worst state in which to do business. Gas prices are near all-time highs. The cost of groceries continues to climb as everyday items such as dish soap, toilet paper, produce and dairy are marked up because of rising commodity prices.

### **AMERICANS HURTING**

And to top it off, one in five Los Angeles homes is underwater, one in four in San Diego, and a staggering 50 percent of homes are underwater in Riverside.

Republicans know that Californians can't afford to have more of their paychecks taken by the state.

California collected an estimated \$11 billion in new revenues from the increased sales taxes over the last two years, yet sky-high deficits continue.

If that money had stayed in the pockets of hard working Californians, it could have helped them keep their houses and keep their employees.

When government takes its hands out of taxpayers' pockets, they can pay their mortgages, buy school supplies for their children and buy gas for their cars.

When government reins in wasteful spending, it can build roads, provide public safety and educate our kids efficiently and responsibly.

When the state lives within its means, it's not necessary to raise taxes on the poor.

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